THE MANITOBA MILK PRODUCERS' MARKETING BOARD

EIGHTH ANNUAL REPORT

I N D E X

	Page
Foreword	1
Board Members	2
Board Standing Advisory Committees and Affiliated Organizations	3
Board Meetings and District Meetings	4
Notice of Annual District Meetings - 1982	5-6
Milk Pricing - Class I Milk	7-8
- Butterfat Differential Rate	8
- Assessments and Levies	8
- Milk Prices	9-10
- Federal Subsidies	11
- Manitoba Orders and Regulations	12-17
Manitoba Milk Pool Results 81/08/01 - 82/07/31	18-19
Milk Quality	19
Comparison of Class I Sales 81/08/01 - 82/07/31	20
Processing Plant Audit Program	20
Transportation	21-22-23
Milk Production 81/08/01 - 82/07/31	24
Cream Production 81/08/01 - 82/07/31	25
Graph - Milk Production 78/08/01 - 82/07/31	26
- Cream Production 78/08/01 - 82/07/31	27
Market Share Quota - Manitoba	28
National Dairy Policy	29-30
Review of Milk Markets	31-32-33
Fluid Milk Plants' Milk Utilization	34
Dairy Promotion	35-36-37
- Nutrition Program Annual Report	38-39
Auditors' Report	40-48

FOREWORD

This is the Eighth Annual Report of The Manitoba Milk Producers' Marketing Board since the Board assumed responsibilities for the control and regulation of the marketing of milk within the Province of Manitoba effective October 1, 1974.

As in previous years, we have attempted to report on activities in which the Board has been involved during the fiscal year ending July 31, 1982 and, in addition, some material up to the time of printing may have been included.

BOARD MEMBERS

A. V. Rampton - Chairman
Dauphin

R. G. DeMeyer - Vice-Chairman
Oak Bluff

S. D. Hamilton - Executive Member
Glenboro

L. Balcaen - Member
La Broquerie

A. Goresky - Member
Stonewall

L. Braun - Member
Blumenort

J. van den Ham - Member
Brandon

C. Finnie - Member
Portage la Prairie

J. D. Wilton - Member
Carman

R. W. Scott - Secretary-Manager
Winnipeg

Nominations were called during October, 1981 for Board Members to represent Districts No. 1, 4 and 7. Mr. A. V. Rampton was re-elected by acclamation in District No. 1 and Mr. S. D. Hamilton was re-elected by acclamation in District No. 4 and Mr. J. D. Wilton was re-elected by acclamation in District No. 7.

Since the terms of office of Board Members representing Districts No. 2 (J. van den Ham), 5 (A. Goresky) and 8 (L. Balcaen) expire in December of this year, nominations have been called for these districts and elections will be held, if necessary, during the month of November.

Membership of the Executive and other committees of the Board as established during the initial meeting of the Board following the annual meeting are detailed on the following page.

THE MANITOBA MILK PRODUCERS' MARKETING BOARD
STANDING ADVISORY COMMITTEES

EXECUTIVE: A. V. Rampton, R. G. DeMeyer, S. D. Hamilton

COST OF PRODUCTION
L. Balcaen
L. Braun
R. G. DeMeyer
A. V. Rampton

DAIRY PROMOTION
R. G. DeMeyer, Chairman
L. Balcaen
C. Finnie
A. Goresky
A. V. Rampton
J. Farrow
L. M. Heise
J. E. Keough
C. W. Vincent

FINANCE
L. Balcaen, Chairman
A. V. Rampton
J. D. Wilton

MARKET SHARE QUOTA
A. V. Rampton, Chairman
S. D. Hamilton
G. H. MacKenzie
F. Kolesar
R. W. Scott

PROCESSOR RELATIONS
R. G. DeMeyer
C. Finnie
A. V. Rampton
J. van den Ham

SUPPLY & ALLOCATION
R. G. DeMeyer, Chairman
L. Braun
S. D. Hamilton
A. V. Rampton
J. van den Ham

TRANSPORTATION
A. V. Rampton, Chairman
A. Goresky
S. D. Hamilton
J. Mourant
G. Tetrault

AFFILIATED ORGANIZATIONS

CANADIAN MILK SUPPLY MANAGEMENT COMMITTEE

A. V. Rampton, S. D. Hamilton

DAIRY BUREAU OF CANADA

Manitoba Director: A. V. Rampton

DAIRY FARMERS OF CANADA

Manitoba Directors: A. V. Rampton, L. Balcaen

MANITOBA FARM BUREAU

A. V. Rampton, J. D. Wilton

MARKETING BOARD ADVISORY COMMITTEE, MANITOBA FARM BUREAU

Chairman of the Board

MANITOBA DAIRY ASSOCIATION

BOARD MEETINGS

During the twelve months ending July 31, 1982 a total of 23 regular meetings of the Board were convened. Since a number of the meetings held were of more than one day's duration, in all a total of 37 days were involved. Many additional days of Members' time were taken up in attendance at meetings of the various committees of the Board and of other organizations with which the Board is affiliated.

DISTRICT MEETINGS

During the months of April and May, 1982, a total of 17 meetings in the various milk producing areas of the Province were held by the Board and attended by one or more Board Members. In addition, as stipulated in the Administration By-Law No. 1 of the Board, an Annual District Meeting was held during the period October 1st to the 20th, 1982 in each of the 9 electoral districts into which the Province is divided for Board purposes. The Notice of Meeting and the Agenda which were mailed to producers are reproduced on the following page.

TELEPHONE
786-6063

THE MANITOBA MILK PRODUCERS' MARKETING BOARD

#104 - 1580 DUBLIN AVENUE
WINNIPEG, CANADA
R3E 0L4

NOTICE OF ANNUAL DISTRICT MEETINGS 1982

Annual District Meetings of The Manitoba Milk Producers' Marketing Board will be held at 8:00 P.M. on the dates listed below:-

District 1	Monday October 18	SHOAL LAKE, Manitoba Buffalo Plains Inn
District 2	Friday October 15	OAK LAKE, Manitoba Legion Hall
District 3	Tuesday October 12	PORTAGE LA PRAIRIE, Manitoba West End Hall, 8th & Saskatchewan Avenue W.
District 4	Thursday October 7	BRUXELLES, Manitoba Bruxelles Hall
District 5	Wednesday October 13	TEULON, Manitoba Teulon-Rockwood Centennial Hall
District 6	Wednesday October 6	OAK BLUFF, Manitoba Oak Bluff Recreation Hall, Perimeter & #3 Hwy.(¼Mi.W.)
District 7	Tuesday October 19	WINKLER, Manitoba Friendship Centre
District 8	Tuesday October 5	GIROUX, Manitoba Giroux Hall
District 9	Thursday October 14	ST. PIERRE, Manitoba St. Pierre Recreation Centre

ELECTIONS FOR BOARD MEMBER will be conducted this year in Districts No. 2, 5, and 8. Official nomination papers are available on request from the Secretary or may be obtained at the time of the meeting in the districts in which an election is to be held.

The subjects intended to be discussed at these meetings are as follows:-

1. Introduction
2. Minutes of previous meeting
3. Quota Policy
4. Quota Transfers
5. Processing Facilities
6. School Milk Program
7. Finance
8. Raw Milk Sales
9. Annual Meeting Attendance
10. Other Business

In the event it is inconvenient for you to attend the Annual District Meeting scheduled for your area, you are welcome to attend any other Annual District Meeting.

Dated at Winnipeg in Manitoba this 27th day of September, 1982.

THE MANITOBA MILK PRODUCERS' MARKETING BOARD
104 - 1580 DUBLIN AVENUE
5 WINNIPEG, MANITOBA R3E 0L4

APPENDIX "A"

Pursuant to Section 1 of this Administration By-Law the following nine districts are established composed of the Municipalities hereinafter set out opposite the number of each district.

District #1

Alonsa
Archie
Birtle
Blanshard
Boulton
Clanwilliam
Consol
Dauphin
Ellice
Ethelbert
Gilbert Plains
Glenella
Grandview
Hamiota
Harrison
Hillsburg
Lawrence
McCreary
Miniota
Minitonas
Minto
Mossey River
Mountain #1
Mountain #2
Ochre River
Odanah
Park 1
Park 2
Rosedale
Rossburn
Russell
Ste. Rose
Saskatchewan
Shellmouth
Shell River
Shoal Lake
Silver Creek
Strathclair
Swan River
The Pas District

District #2

Albert
Arthur
Brenda
Cameron
Cornwallis
Daly
Edward
Elton
Glenwood
Morton
North Cypress
Oakland
Pipestone
Riverside
Sifton
Wallace
Whitehead
Whitewater
Winchester
Woodworth

District #3

Cartier
Grey
Lakeview
Langford
Lansdowne
North Norfolk
Ptge. la Prairie
Westbourne

District #4

Argyle
Dufferin
Lorne
Louise
Pembina
Roblin
South Cypress
South Norfolk
Strathcona
Thompson
Turtle Mountain
Victoria

District #5

Armstrong
Bifrost
Coldwell
Eriksdale
Fisher
Gimli
Grahamdale #1
Grahamdale #2
Rockwood
St. Laurent
Siglunes
Woodlands

District #6

Alexander
Brokenhead
Lac Du Bonnet
McDonald
Pinawa
Reynolds
Richot
Rosser
St. Andrews
St. Clements
St. Francois Xavier
Springfield
Victoria Beach
Whitemouth
Winnipeg Area

District #7

Franklin
Montcalm
Morris
Rhineland
Roland
Stanley

District #8

La Broquerie
Piney
Ste. Anne
Stuartburn
Tache

District #9

De Salaberry
Hanover

MILK PRICING

Requests made by producers in the Swan River-The Pas areas and The Manitoba Milk Producers' Marketing Board resulted in a cost of production survey being conducted in those areas during the winter of 1981-82 by the Manitoba Milk Prices Review Commission. The survey established that, in fact, additional milk production costs in those areas were $3.00 HL over costs in other areas of Manitoba.

In order to generate a fund which would allow payment of an additional $3.00 HL for a volume of milk not to exceed the T.A.P. allocated to those producers at December 1981, it was calculated that the Class I milk price would be required to be increased in the amount of $0.06859 HL and that a levy of $0.0274 per HL would be assessed against the total production of all producers. These procedures were calculated to generate the necessary funds at no cost to producers in Southern Manitoba. Accordingly, the Manitoba Milk Prices Review Commission, effective April 5, 1982 by Order 2, 1982 (Manitoba Regulation 72/82) increased the Class I milk price from the previous level of $45.96 HL to $46.02859 HL, an increase of $0.06859. This matter was completed by The Manitoba Milk Producers' Marketing Board passing Regulation 1/82 (Manitoba Regulation 85/82) which, as mentioned above, assessed a levy of $0.0274 HL against the total milk production of all producers. This levy was approved by The Natural Products Marketing Council and duly filed to become effective April 16, 1982.

The monies accruing from this levy are placed in a fund from which the $3.00 HL equalization payment is made each month to Northern producers for volumes of production within prescribed limits.

As reported last year discussions with the Manitoba Milk Prices Review Commission in respect to certain aspects of the Class I milk pricing formula had been initiated by the Board. These discussions were subsequently formalized by way of an official appeal to the Commission for changes in certain of the cost components of the formula. This appeal was heard by the Commission and was dismissed in total as reflected in its Order 1/82 (Manitoba Regulation 34/82). A further appeal to The Natural Products Marketing Council regarding the dismissal by the Commission resulted in partial success. The Commission was ordered by Council

to include the fluid levy in the amount of $0.3015 HL in the formula as a cost of production and to issue a new price order. This order was implemented by Order 3/82 of the Commission (Manitoba Regulation 165/82) which increased the Class I milk price by $0.3015 HL to the level of $46.33009 effective August 1, 1982.

It is perhaps worthy of note that while no Class I price increase in Manitoba has resulted from "triggering" of the formula since October, 1981, prices in the neighboring Provinces of Saskatchewan and Ontario have recently increased in the amounts of $1.96 HL and $2.62 HL respectively, to new levels of $48.14 HL and $46.48 HL.

The Commission has indicated a desire to conduct a further cost of production survey to re-establish the cost base and is seeking a means of accomplishing this by way of having a sufficient number of milk producers enrolled in an appropriate computerized accounting service.

Butterfat differential value remains as established July 1, 1980, at 43 cents for each one-tenth of a kilogram above or below the test of 3.6 kilograms of butterfat per 100 litres of milk while the value indicated by the differential formula now stands at 55 cents.

ASSESSMENTS AND LEVIES

The deductions made for marketing costs are currently as follows:

1. Transportation - variable rate according to volume and distance.
2. Milk Pool Administration - 4.8¢ per HL
3. Board Operation - 13.4¢ per HL (Manitoba Regulation 257/80)
4. Northern Equalization Levy - 2.74¢ per HL (Manitoba Regulation 85/82)
5. Dairy Promotion - 35¢ per HL (Manitoba Regulation 132/82)
6. Market Share Quota Administration - 2.5¢ per kg Butterfat on farm separated cream deliveries. 9¢ per HL on industrial milk utilization. (Manitoba Regulation 186/79)
7. Canadian Dairy Commission levies to dispose of surplus product:
   - Within quota levy - $4.07 per HL on industrial milk deliveries
   - Hold back from subsidy - 30.15¢ per HL on Class I volume. (Fluid skim-off levy)
   - Over quota levy - $20.21 per HL on all production over quota year-to-date.

MILK PRICING

	GRADE A POOL Per Hectolitre (HL)	*GRADE A POOL Per Hectolitre (HL)
June 1976	$23.04	$24.77
October 1976	24.11	25.45
June 1977	24.13	25.77
October 1977	25.13	26.40
June 1978	25.52	27.30
September 1978	26.22	27.72
June 1979	27.18	29.00
September 1979	27.99	29.52
June 1980	30.47	32.20
September 1980	31.54	33.24
June 1981	34.05	35.96
September 1981	37.23	38.68
June 1982	38.39	39.99
September 1982	39.64	40.55

- -

*Comparative revenues after the addition of Federal subsidy and the deduction of Federal within-M.S.Q. levy and fluid skim-off levy.

MILK PRICING

PRICES PAID BY PROCESSORS FOR EACH CLASS OF UTILIZATION

	June 1977 HL	October 1977 HL	June 1978 HL	October 1978 HL
Class I	$29.22	$29.22	$31.22	$31.22
Class II	24.22	24.22	24.99	24.99
Class IIA	23.09	23.09	24.18	24.18
Class IIB	22.56	22.56	23.84	23.84
Class III	19.89	19.89	21.29	21.29
Class IV	20.57	20.57	21.97	21.97
Class V	20.66	20.66	21.88	21.88
Class VI	20.66	20.66	21.29	21.29

	June 1979 HL	October 1979 HL	June 1980 HL	October 1980 HL
Class I	$32.22	$32.22	$36.08	$36.08
Class II	26.69	27.62	29.92	31.64
Class IIA	25.98	26.91	29.21	30.93
Class IIB	25.84	26.77	28.99	30.71
Class III	23.73	24.65	26.91	28.19
Class IV	24.41	25.33	27.59	28.87
Class V	23.83	24.69	26.98	28.28
Class VI	23.73	24.65	26.91	28.19

	June 1981 HL	October 1981 HL	June 1982 HL	October 1982 HL
Class I	$41.08	$45.96	*$46.03	**$46.33
Class II	34.05	35.53	37.05	38.48
Class IIA	33.34	34.82	36.34	37.77
Class IIB	33.12	34.60	36.12	37.55
Class III	30.15	31.58	32.35	33.76
Class IV	30.83	32.26	33.03	34.44
Class V	30.28	31.73	33.25	34.69
Class VI	30.15	31.58	32.35	33.76

*$46.02859 - June 1982

**$46.33009 - Oct. 1982

MILK PRICING

Federal Dairy Product Support Prices

	Skim Milk Powder kg	Butter kg	Cheddar Cheese kg
April 1, 1977	$1.54	$2.60	$1.32
January 1, 1978	1.59	2.69	1.32
April 1, 1978	1.63	2.80	1.32
January 1, 1979	1.72	2.91	1.32
April 1, 1979	1.79	3.02	1.32
August 1, 1979	1.84	3.13	1.32
January 1, 1980	1.97	3.26	1.32
April 1, 1980	2.01	3.34	1.32
August 1, 1980	2.13	3.51	1.32
January 1, 1981	2.20	3.63	1.32
April 1, 1981	2.28	3.78	1.32
August 1, 1981	2.37	3.95	1.32
January 1, 1982	2.46	4.13	1.32
April 1, 1982	2.50	4.17	1.32
August 1, 1982	2.59	4.33	1.32

Federal Subsidies Payable on Industrial Milk Deliveries within M.S.Q.

	Milk HL	Butterfat kg
April 1, 1974	$5.22	$1.449
June 1, 1974	5.81	1.612
April 1, 1975	6.03	1.676
April 1, 1976	6.03	1.676
April 1, 1977	6.03	1.676
April 1, 1978	6.03	1.676
August 1, 1979	6.03	1.676
August 1, 1980	6.03	1.676
August 1, 1981	6.03	1.675
August 1, 1982	6.03	1.675

Manitoba Regulation 214/82

Being

ORDER 7/82 OF THE MANITOBA MILK PRODUCERS' MARKETING BOARD

Made Under The Manitoba Milk Producers' Marketing Plan, Being Manitoba Regulation 242/74 Of The Natural Products Marketing Act

(Filed October 20, 1982)

ORDER

1. The Manitoba Milk Producers' Marketing Board hereby repeals Order 6/82 of The Manitoba Milk Producers' Marketing Board, being Manitoba Regulation 197/82 amending Section 3 of Manitoba Regulation 46/78 and substitutes the following therefor:

"3. The Manitoba Milk Producers' Marketing Board hereby fixes the prices hereinafter set out as the prices at which the following classes of milk supplied to a distributor, processor or manufacturer as the case may be, shall be sold by The Manitoba Milk Producers' Marketing Board and purchased by the distributor, processor or manufacturer for each 100 litres of milk basis 3.6 kilograms of butterfat; f.o.b., the distributor's, processor's or manufacturer's plant:

Class	Price
II	$38.48 per hectolitre (HL)
IIA	$37.77 per hectolitre (HL)
IIB	$37.55 per hectolitre (HL)
III	$34.53 per hectolitre (HL)
IV	$35.21 per hectolitre (HL)
V	$34.69 per hectolitre (HL)
VI	$34.53 per hectolitre (HL)"

2. This Order comes into force on the 1st day of November, 1982.

THE MANITOBA MILK PRODUCERS' MARKETING BOARD
Per:

"Arthur V. Rampton"
A.V. Rampton, Chairman

(S E A L)

"Russell W. Scott"
R.W. Scott, Secretary-Manager

Printed by the Queen's Printer for the Province of Manitoba

Manitoba Regulation 132/82

Being Regulation 2/82 of The Manitoba Milk Producers' Marketing Board
Made Under The Manitoba Milk Producers' Marketing Plan Being
Manitoba Regulation 242/74 (Herein Called the "Plan")
and The Natural Products Marketing Act

(Filed June 16, 1982)

DAIRY PROMOTION FEES

1. Manitoba Regulation 113/79 amending Section 1 of Manitoba Regulation 90/75 is hereby repealed and the following section substituted therefor:

   1. (1) A fee is imposed on each producer of 35 cents for each hectolitre of milk produced by him.

2. Subsection (1) Section 1 of this regulation shall come into force on the first day of June, 1982 or on the day it is filed with the Registrar of Regulations, whichever is the later.

IN WITNESS WHEREOF the seal of The Manitoba Milk Producers' Marketing Board is hereon impressed, duly attested by the hands of its proper officers in that behalf on the 28th day of May, 1982.

THE MANITOBA MILK PRODUCERS' MARKETING BOARD
Per:

(S E A L)

"Arthur V. Rampton"
Chairman

"Russell W. Scott"
Secretary

Approved by The Manitoba Natural Products Marketing Council this 15th day of June, 1982.

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL
Per:

(S E A L)

"A.W. Wood"
Chairman

"Robert Kapilik"
Secretary

Printed by the Queen's Printer for the Province of Manitoba

Manitoba Regulation 85/82

Being Regulation 1/82 of The Manitoba Milk Producers' Marketing Board Made Under The Manitoba Milk Producers' Marketing Plan Being Manitoba Regulation 242/74 (Herein Called the "Plan") and The Natural Products Marketing Act

(Filed April 16, 1982)

NORTHERN EQUALIZATION LEVIES REGULATION

1. A levy is imposed on each producer of $0.0274 for each hectolitre of milk produced by him.

2. The levy imposed by this Regulation shall be due and payable by the producer to this Board at the time and place of marketing of the milk by the producer and may be deducted as a first charge against the monies which this Board receives from the sale of such milk.

3. The levy imposed by this Regulation is subject to the exceptions provided for in Section 17 of the Plan.

4. This Regulation shall come into force on the 5th day of April, 1982 or on the day it is filed with the Registrar of Regulations, whichever is the later.

IN WITNESS WHEREOF the seal of The Manitoba Milk Producers' Marketing Board is hereon impressed, duly attested by the hands of its proper officers in that behalf on the 2nd day of April, 1982.

THE MANITOBA MILK PRODUCERS' MARKETING BOARD
Per:

(S E A L)

"Arthur V. Rampton"
Chairman

"Russell W. Scott"
Secretary

Approved by The Manitoba Natural Products Marketing Council this 13th day of April, 1982.

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL
Per:

"Dr. G. Findlay"
Acting Chairman

"Robert Kapilik"
Secretary

Printed by the Queen's Printer for the Province of Manitoba

Manitoba Regulation 233/81

Being

ORDER 14/81 OF THE MANITOBA MILK PRODUCERS' MARKETING BOARD

Made Under The Manitoba Milk Producers' Marketing Plan and The Natural Products Marketing Act

(Filed November 23, 1981)

1. Sections 11 to 18 inclusive of Order 1/74 being Manitoba Regulation 246/74 are repealed and the following sections are substituted therefor:

"

ALLOTMENTS

11. Each fiscal year, and from time to time during each fiscal year, this Board will allot to each registered producer, in accordance with a formula adopted by this Board for such purpose, as same may be changed from time to time, a quantity of regulated product which may be marketed by him in the Daily Entitlement Pool so that each producer receives a right to market a quantity of milk on a monthly basis (herein called a "Daily Entitlement Allocation") in such pool.

12. It is a condition of the allocation of a Daily Entitlement Allocation to a producer that such producer abide by all of the policies of the Board with respect to changes in such Daily Entitlement Allocation, maintenance of such Daily Entitlement Allocation, re-allotment of such Daily Entitlement Allocation, increase of such Daily Entitlement Allocation and reduction of such Daily Entitlement Allocation, as established by the Board from time to time.

MARKETING PROHIBITIONS

13. Subject to the exceptions provided for in Section 17 of the Plan, no producer shall market regulated product except to this Board and shall deliver all regulated product marketed by him to this Board as directed by this Board.

14. All regulated product supplied to a processor or manufacturer shall be sold to the processor or manufacturer by this Board and bought by the processor or manufacturer from this Board on the terms and conditions set down by this Board.

15. Except with the permission of this Board, no manufacturer or processor shall sell, process, pack or package regulated product except regulated product purchased from this Board.

POOLING

16. (a) All moneys received by this Board from the sale of regulated product marketed by producers in each month within the quantity of regulated product allotted to such producers pursuant to the Daily Entitlement Allocation Program of this Board shall, after deduction of any handling and other fees and charges payable to this Board, be placed in a pool (to be known as "The Daily Entitlement Pool"). At the termination of each month, all necessary and proper disbursements and expenses incurred in marketing such regulated product and conducting such pool and all allowances for reserves as may be approved by the Manitoba Council will be deducted from the pool and the remainder of the money received from the sale of such regulated product will be distributed to the producers relative to the quantity of such regulated product delivered by each producer during that month.

(b) All monies received by this Board from the sale of regulated product marketed by producers in each month in excess of the quantity of regulated product allocated to such producers pursuant to the Daily Entitlement Allocation Program of this Board shall, after deduction of any handling and other fees and charges payable by this Board be placed in a pool (to be known as "The Surplus Pool"). At the termination of each month, all necessary and proper disbursements and expenses incurred in the marketing of such regulated product and conducting such pool and all allowances for reserves as may be approved by the Manitoba Council will be deducted from the pool and the remainder of the money received from the sale of such regulated product will be distributed to the producers relative to the quantity of such excess regulated product delivered by each producer during that month.

MILK QUALITY

17. (a) "acceptable milk" means milk that is not sub-standard milk.

(b) "sub-standard milk" means:

(i) contaminated milk or milk diluted with water or adulterated in any other way; or

(ii) milk from which any cream has been taken; or

(iii) milk to which cream has been added; or

(iv) milk or cream to which foreign fat, colouring matter, preservative or other chemical substance of any kind has been added; or

(v) milk taken from a cow that is diseased at the time the milk is taken from her;

(vi) milk which contains an antibiotic or any other substance that inhibits the growth of a bacteria culture; or

(vii) milk which, on a test made and verified by officials of the Department of Agriculture (Manitoba), has a bacterial count of 100,000 or more bacteria per millilitre as determined by the plate loop count method;

and includes milk that:

(i) contains any substance, matter or thing prohibited by the regulations made pursuant to The Dairy Act; or

(ii) contains a substance, matter or thing in excess of the amount thereof permitted by the regulations made pursuant to The Dairy Act; or

(iii) has any substance, matter or thing removed therefrom contrary to the regulations made pursuant to The Dairy Act; or

(iv) comes from premises that do not comply with the standards set out in the regulations made pursuant to The Dairy Act.

18. (a) Nothing in this Order requires this Board to receive or purchase sub-standard milk from a producer.

(b) This Board may refuse to purchase any milk offered by a producer if that producer's milk was previously found to be sub-standard milk until the Board is satisfied that such producer's milk may reasonably be expected to be acceptable milk.

(c) This Board may cancel or suspend the registration or licence of a producer pursuant to section 10 of the Plan if such producer repeatedly markets sub-standard milk to this Board. "

2. This Regulation shall come into force on the day that it is filed with the Registrar of Regulations.

IN WITNESS WHEREOF the seal of The Manitoba Milk Producers' Marketing Board is hereon impressed, duly attested by the hands of its proper officers in that behalf on the 13th day of November, 1981.

THE MANITOBA MILK PRODUCERS' MARKETING BOARD
Per:

"Arthur V. Rampton"
Chairman

(S E A L)

"Russell W. Scott"
Secretary-Manager

Printed by the Queen's Printer for the Province of Manitoba

MANITOBA MILK POOL RESULTS

AUGUST 1981 TO JULY 1982

PRODUCTION -	GRADE A-IN/D.E./T.A.P.	- 231,454,120 L
	GRADE A-OV/D.E.	- 9,391,505 L
	GRADE A-OV/T.A.P.	- 18,584,256 L
	GRADE A INSTITUTIONAL	- 119,737 L
	TOTAL MANITOBA PRODUCTION	- 259,549,618 L
	O.M.M.B.	- 80,798 L
	TOTAL POOL	259,630,416 L

	Within D.E./T.A.P. Litres	Revenue Per Class	Net Value Per Hectolitre
Class I	103,356,572	$47,178,798.62	$45.65
Class II	6,551,340	2,371,992.40	36.21
Class IIA	10,725,254	3,822,190.60	35.64
Class IIB	6,311,235	2,240,443.95	35.50
Class III	47,391,035	15,018,235.64	31.69
Class IV	4,452,923	1,447,282.16	32.50
Class V	52,665,761	17,218,663.86	32.69
	231,454,120	$89,297,607.23	$38.58
Less Diversion Costs		87,865.86	0.04
Less Northern Allowance		23,668.69	0.01
Less Pool Administration		37,338.76	0.02
Price/HL Gr.A-In/D.E./T.A.P.		$89,148,733.92	$38.51
Grade A-Ov/D.E.	7,846,456	$ 2,512,069.91	
- Class III	1,519,205	491,462.82	
- Class V-Sask.	25,844	8,115.33	
	9,391,505	$ 3,011,648.06	$32.07
Less Diversion Costs		4,121.59	0.04
Less Northern Allowance		236.16	0.01
Less Pool Administration		2,953.23	0.02
Price/HL-Gr.A-Ov/D.E.		$ 3,004,337.08	$32.00
Grade A-Ov/T.A.P.-Cl.III	7,613,395	$ 2,393,288.88	
- Cl.V-Sask.	7,579,510	2,385,412.04	
- Separated	3,085,083	428,107.31	
- Quebec	306,268	62,467.28	
	18,584,256	$ 5,269,275.51	$28.35
Less Diversion Costs		7,495.79	0.04
Less Northern Allowance		1,140.78	0.01
Less Pool Administration		4,344.54	0.02
Price/HL Gr.A-Ov/T.A.P.		$ 5,256,294.40	$28.28
Institutional Shipments	119,737	$ 38,133.68	$31.85
Less Diversion Costs		46.45	0.04
Less Northern Allowance		11.07	0.01
Less Pool Administration		29.30	0.02
Price/HL Institutional		$ 38,046.86	$31.78
O.M.M.B.	80,798	$ 25,446.43	$31.49
Total Pool	259,630,416	$97,472,858.69	$37.54

FLUID AND INDUSTRIAL UTILIZATION SUMMARY

Manitoba Production within T.A.P.		240,965,362 L	100.0000%
Less: Litres Ineligible for Subsidy:			
Used for Cl.I(Fluid)(42.8927%)	103,356,572 L		
Plus 4.9% for Creams	5,064,473 L	108,421,045 L	44.9945%
Balance used for Manufactured Products (Eligible for Subsidy)		132,544,317 L	55.0055%
Manitoba Production over T.A.P.		18,584,256 L	

Average Butterfat content 3.60135 kg/HL in Manitoba Production.

* * * * * * * * * * * * * * *

MILK QUALITY

Evaluation of the Milk Quality Levies Program to July 31, 1982 shows a further improvement compared to penalties applied up to the same date a year earlier.

Number of Infractions	Number of Producers 1980-81	1981-82
1	272	232
2	79	66
3	31	18
4	10	7
5	6	2
6	3	-
7	2	-
	403	325

The objective of producing top quality milk on a continuing basis is being achieved. Very few producers have more than three infractions and the majority of infractions are one time only. The most gratifying factor is that almost one thousand producers had no infractions at all.

COMPARISON OF CLASS I SALES
FOR 12 MONTH PERIOD - OCTOBER 1, 1981 - SEPTEMBER 30, 1982
(IN MILLIONS)

	Total Current Period HL	Total Previous Period HL	Percentage Change
1981			
October	9.13	9.53	- 4.21
November	8.55	8.12	+ 5.29
December	9.03	8.96	+ 0.70
1982			
January	8.56	8.76	- 2.36
February	8.10	7.99	+ 1.41
March	9.03	8.66	+ 4.27
April	8.92	8.65	+ 3.20
May	8.36	8.43	- 0.88
June	8.47	8.48	- 0.16
July	8.40	8.59	- 2.27
August	8.18	8.21	- 0.27
September	8.76	8.61	+ 1.70
	103.49	102.99	+ 0.47

PROCESSING PLANT AUDIT PROGRAM

During the period under review a minimum of three visits were made to both fluid and industrial plants. Each processing plant is audited on a regular basis to insure a continuous update of records.

Verification of monthly milk sales from computer print-outs produced far better accuracy in analysing monthly sales performance. Utilization records for milk other than bottled milk are being or have been converted to metric as a final push towards metrication. The importance of butterfat accountability is particularly stressed to each processor. Although most plants are aware of losses incurred, better control and a review of in-plant procedure is discussed.

The audit procedures used by the audit department are duly examined by the Board's auditors. They have found the audit standards, verifications, and tests to be in accordance with generally accepted accounting techniques. Again, the audit staff is grateful for the co-operation and trust extended in the performance of duties.

TRANSPORTATION

During the past year the Board's activites in the transportation sector of the milk industry have been quite intense. At the top of the list this year it was the plant closures which generated the greatest amount of activity as far as transportation was concerned. The closing of the processing plant in The Pas in mid September of 1981 eliminated the need to divert milk to fulfill that plant's requirements. As a further result of this plant closing, the milk normally assigned to The Pas had to be re-assigned to the Dauphin processing plant. As well, since the milk for northern distribution is now processed in Brandon, another shifting of milk supplies into Brandon had to be accomplished in order to satisfy the additional demand. In comparison to the plant closures which followed, the one above proved to be least difficult from the standpoint of time and energy required to accomplish the necessary adjustments. In mid February 1982, the closure of plants in Pilot Mound and Rossburn required a tremendous amount of re-adjustment. In order to place all the available milk supplies into the remaining industrial plants which had unused capacity, a vast amount of planning and effort were required. As milk production continued to increase seasonally, the capacities of the plants in Manitoba and Saskatchewan reached their maximum processing potential. The alternative then was to skim the surplus milk in order to recover the butterfat, which resulted in a substantial reduction in the revenue received for over T.A.P. milk. To alleviate this reduction in revenue, the Board undertook to move surplus milk supplies to a plant located in Western Quebec. A movement of such magnitude stretched the Manitoba bulk milk transport fleet to its limit. Consequently some volumes of milk had to be moved by tankers that ordinarily serve other segments of the food industry. Although the costs associated with these shipments were considerable, the revenue generated was still significantly more than the revenue from butterfat recovery only. We would like to take this opportunity to express appreciation to Manitoba's bulk milk transporters and drivers for their co-operation during this period of extraordinary milk movements. As a result of the aforementioned diversions, the cost of diversions, which had shown a slight decrease in previous years, escalated dramatically.

In other matters, transporters received increases for the fuel component in the rate formula equal to approximately 1.1% on December 1/81; 0.4% on Jan. 1/82; and 0.7% on May 1/82. In addition, a presentation from the Manitoba Trucking Association was made to the Board on behalf of the transporters. This presentation, which updated the other cost components in the rate formula, sought a rate increase of about 16%. After the presentation was verified and evaluated by Board staff and Associated Transportation Consultants, the Board granted an increase of 6.3% effective April 1, 1982. In the granting of this increase the Board recognized only the cost components which directly effected a transporter's cash flow. The remaining items were to be further studied in detail and the Board also requested clarification as to certain values specified in the MTA presentation. With this, the balance of the presentation was left open to future consideration.

Mr. Doug Mitchell of Associated Transportation Consultants, the transportation consultant previously retained by the Board, left in late March 1982 to accept a position in Ottawa. At that time a large portion of the work done by Mr. Mitchell was transferred to the Board's own computer facilities. To preserve the impartiality and objectivity Mr. Mitchell had imparted to the Board's dealings with transporters, it was decided to retain a replacement for his services. The involvement required by the replacement is to be much more limited and requires a much lesser remuneration. Upon Mr. Mitchell's recommendation the person chosen as a replacement consultant was Mr. Vic Stechishin. Mr. Stechishin's experience spans many years in various facets of the transportation industry.

To receive the monies paid out for transportation it is necessary, from time to time, to adjust the rates which producers are charged for the service. As a result of cost increases, producers' rates increased on Oct. 1/81 by 13¢/HL or 6.7%; Dec. 1/81 by 11¢/HL or 6.3%; and April 1/82 by 10¢/HL or 5.8%.

As well, the minimum Basic (volume) charge to producers was changed for the first time since April 1/79. Rather than a specific dollar value per month, the new method uses the volume of 220 litres per day, times production days, times the highest basic rate per hectolitre. This method is more equitable as it recognizes the number of days in a month during which a producer actually has shipments.

The table below shows the producers freight rates since the inception of milk pooling:-

		Basic Rate $/HL	Minimum Monthly Charge	Cents Per HL/KM
1974	June 1	$0.636	-	0.705¢
1975	March 1	0.636	$33.60	0.705
1975	November 1	0.749	39.60	0.705
1976	April 1	0.749	49.50	0.705
1977	December 1	0.817	49.50	0.917
1978	January 1	0.817	54.00	0.917
1979	April 1	0.850	60.00	1.100
1981	February 1	0.870	60.00	1.160
1981	October 1	0.925	60.00	1.300
1981	December 1	0.980	60.00	1.400
1982	April 1	$1.030	Variable	1.500

Along with all other cost items, the cost of transporting bulk milk also continues to increase. With this in mind, it is the Board's intent to investigate means and methods of slowing the escalation of costs associated with transportation. Although it is realized that the cost of providing service must be met, it is by no means detrimental to the industry to make transportation more cost-efficient. It is in this area of more cost-efficient transportation that further extensive attempts at improvement will be made in the future.

MILK PRODUCTION

The 1981-82 dairy year commenced with production slightly less than the previous year. However, in November, 1981 shipments were again showing an increase with the result that volume for the year was at an all time high.

MANITOBA MILK PRODUCTION, AUGUST 1, 1981 - JULY 31, 1982
(WITH PREVIOUS YEAR'S FIGURES FOR COMPARISON)
(IN MILLIONS)

	TOTAL VOLUME	TOTAL PREVIOUS YEAR	PERCENT CHANGE
1981	HL	HL	%
August	21.50	22.70	- 5.27
September	20.34	20.90	- 2.68
October	19.88	20.27	- 1.92
November	19.24	19.18	+ 0.32
December	20.78	20.25	+ 2.66
1982			
January	21.59	20.82	+ 3.73
February	20.12	19.68	+ 2.20
March	23.04	22.80	+ 1.04
April	22.60	22.39	+ 0.91
May	23.80	23.65	+ 0.63
June	23.58	23.77	- 0.80
July	23.08	22.50	+ 2.57
	259.55	258.91	+ 0.25

CREAM PRODUCTION

The Market Share Quota held by cream producers for the new dairy year commencing August 1, 1982 was adjusted, as in past years, to equal their deliveries for the previous dairy year. Farm separated cream producers in the Province of Manitoba continue to ship on an "open quota" (unlimited quota) basis.

For the dairy year commencing August 1, 1982 the Board has set aside a special block of M.S.Q. for cream producers in the amount of 1,224,600 kg of butterfat. Cream producers will remain on "open quota", and new cream producers will be allowed to start, as long as M.S.Q. is available from this reserve. Subsidy for the 1982-83 dairy year will be paid on production up to a maximum of 95% of a cream producer's quota.

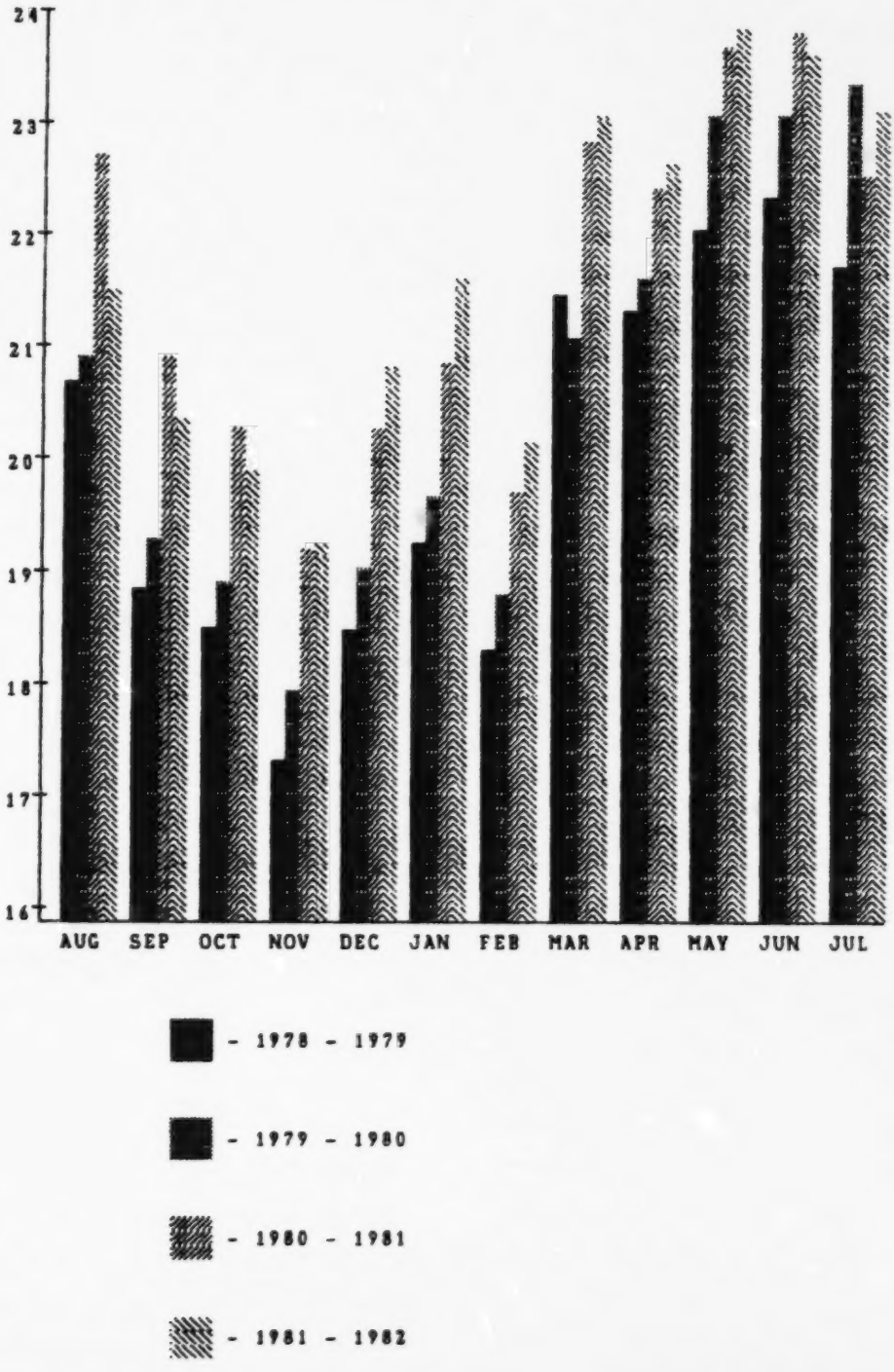
The Board is also continuing to allow milk producers to ship farm separated cream. M.S.Q. will be allocated to cover this production as long as it is available from the reserve.

The Board continues its policy to disallow the transfer of cream quotas to existing milk shippers, and the conversion of cream quota (kg) to milk quota (T.A.P.) for the purpose of shipping milk.

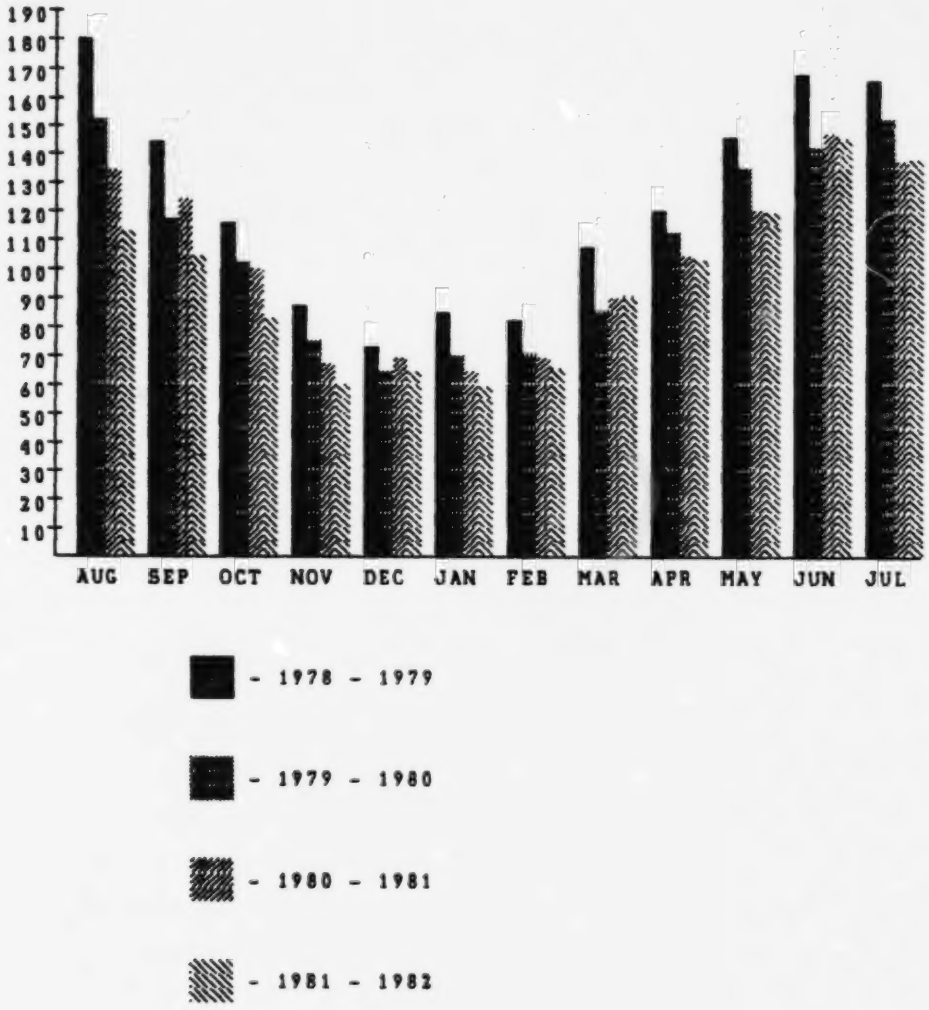
Last dairy year 2657 registered producers shipped 1,146,533 kilograms of butterfat to a total of 20 Manitoba creameries. During the last quota period two of the creameries ceased production and another plant has closed since then.

1981	Current Year kg B.F.	Previous Year kg B.F.	Percentage + or -
August	113,258	133,803	-15.35
September	104,187	124,009	-15.98
October	83,064	99,925	-16.87
November	60,258	66,673	- 9.62
December	63,856	69,083	- 7.57
1982			
January	58,868	64,146	- 8.23
February	66,442	68,572	- 3.11
March	91,041	89,808	+ 1.37
April	102,950	104,104	- 1.11
May	118,502	119,539	- 0.87
June	145,810	147,367	- 1.11
July	138,297	137,412	+ 0.64
	1,146,533	1,224,441	- 6.36

MILK PRODUCTION FOR AUG 1978 - JUL 1982
WITH MONTH BY MONTH COMPARISONS
MILLIONS OF LITRES



FARM SEPERATED CREAM PRODUCTION FOR AUG 1978 - JUL 1982
WITH MONTH TO MONTH COMPARISONS
000's KG's BUTTERFAT



MARKET SHARE QUOTA - MANITOBA

Manitoba's share of Canadian requirements for the 1981-82 dairy year in kilograms of butterfat was 6,656,000 kg. However, a large deficit in the funding to cover losses in the disposal of surplus products was being anticipated at year-end by the Canadian Dairy Commission. The Canadian Milk Supply Management Committee agreed unanimously that all provinces would remit to the Canadian Dairy Commission $20.21 per HL ($5.61 per kg) on all production over 98% of their provincial allotment. Manitoba's utilization of M.S.Q. as at July 31, 1982 was 98.867% or 6,580,567 kg of butterfat. This meant that $274,962.71 in over-quota levies previously deducted from milk producers was not refundable.

For the 1981-82 dairy year, milk producers received subsidy up to 94.2% of production within quota.

For the new dairy year commencing August 1, 1982, Manitoba's provincial quota was reduced 2.7% to 6,487,000 kg of butterfat and all provinces again agreed to pay over-quota levy ($5.61 per kg) on all production over 98% of their provincial allotment. For the new quota period commencing August 1, 1982 estimates were made as follows:-

Total M.S.Q. - Manitoba	6,487,000 kg B.F.
Less 2% - year-end agreement	129,740
	6,357,260 kg B.F.
Reserved for cream production	1,224,600 *
Remaining for industrial milk production	5,132,660 kg B.F.

5,132,660 kg of butterfat with a butterfat test of 3.6 kg per HL of milk will allow Manitoba to produce 142,573,888 litres of industrial milk; estimated fluid sales of 107,439,156 litres (-1% over Class I sales last year plus the fluid exclusion factor of 5%) for a total allowable production in Manitoba of 250,013,044 litres of milk. This is a decrease of total allowable production (T.A.P.) of 8,176,043 litres over the actual production within quota during the 1981-82 dairy year. (These levels of production and sales would result in a pool split of 57.03% industrial and 42.97% fluid).

*Should the reserve for cream production not be fully utilized, the unused portion is then available for milk at year-end.

NATIONAL DAIRY POLICY

Agriculture Minister Eugene Whelan, July 30, 1982, announced the Government of Canada's National Dairy Program for the 1982-83 dairy year which commences August 1, 1982.

He also announced the application to the Dairy Policy of the Federal Government Wage and Price Restraint Policy as announced by the Minister of Finance in his June 20th budget statement.

Mr. Whelan stressed that while the principles of the current Dairy Policy remain intact and have the full support of the Federal Government the ceiling on dairy support prices is being implemented in keeping with guidelines governing Federally regulated prices. The ceiling on the support prices effectively limits increases in returns to the producer during the restraint period.

The highlights of the 1982-83 Dairy Policy are as follows:-

- Effective August 1, 1982 the target returns for industrial milk and cream production will be increased to $41.02 per HL for milk shipments needed for Canadian requirements. This represents an increase of 3.55% since the last price increase to $39.61, January 1, 1982.
- The Canadian Dairy Dairy Commission has been authorized by the Government of Canada to increase the support prices for butter to $4.33 per kg, an increase of 3.8% since April 1, 1982 and skim milk powder to $2.59 per kg, an increase of 3.6% from April 1, 1982. Increases in these support prices of butter and skim milk powder will be limited in accordance with Government policy of restraint of 6% this year and 5% next year to co-ordinate price increases for processors and producers.

The period of restraint will be April 1, 1982 to March 31, 1984. It was noted that retail prices for these products and other manufactured dairy products such as cheese, yogurt and ice cream are expected to rise to reflect increased milk prices to producers. The Federal Government does not control retail prices but it is expected that wholesalers and retailers will, to the maximum extent possible, voluntarily keep to the 6 and 5% guideline.

- The Government of Canada will continue to pay a subsidy of $6.03 per HL on industrial milk and cream produced up to the level of Canadian requirements and on 2.2 million HL of milk produced for the export program.

NATIONAL DAIRY POLICY Cont.

The subsidy rate has remained the same since 1975 and represents a declining percentage of the milk price received by farmers. Total Federal subsidy expenditures are expected to be slightly lower than last year because of a slackening in demand for dairy products.

- Total Market Sharing Quota including quota for the export program is 47.6 million HL to begin the year, a reduction of 2.7% from last year. This level may be altered during the year by the Canadian Milk Supply Management Committee (C.M.S.M.C.) if necessary, to keep production in line with market demands.
- The levy structure, to begin the 1982-83 dairy year, to be collected from producers to cover the costs associated with export of dairy products are as follows:-

In-quota levy	$4.07 per HL (increased from $3.05)
Contribution from fluid sector	30.15 cents per HL on all Class I sales (no change)
Over-quota levy	$20.21 per HL (last year August/81-March/82, $17.13, April/82-July/82, $20.21)
Export quota levy	33 cents per HL (increased from 25 cents) Applicable only in provinces participating in the export quota program. Manitoba is not participating in this program.

The Government of Canada will not pay for losses arising from the sale of any dairy product surplus to the domestic market. In the light of potentially higher export losses due to large stocks in exporting countries, the C.M.S.M.C. will be requested to carefully re-examine the benefits to the dairy industry of production levels (and associated levy charges) in excess of Canadian domestic requirements.

REVIEW OF MILK MARKETS

Manitoba milk production in the 1981-82 dairy year increased only slightly (642,340 L) following several years of substantially greater increases. Fluid plants received a larger volume (+ 1,235,338 L) leaving slightly less milk for the industrial plants. With the closure of cheese plants at Pilot Mound and Rossburn in February, the seven remaining industrial milk plants succeeded in handling most of this volume until the heavy spring and summer production arrived.

Shipments to Saskatchewan plants were required to handle volume surplus to our own plant facilities, made greater by the plant closures. During the previous dairy year August 1, 1980 - July 31, 1981, 719,000 litres were shipped to Saskatchewan plants; at the same time 571,000 litres were separated for a total of 1,290,000 litres. However, during the dairy year ending July 31, 1982, the following volume was over and above the capacity of the Manitoba powdering plants and, in the case of several cheese plants, excess to their market requirements: to Saskatchewan, 7,556,000 L; to Quebec, 306,000 L; separated, 3,175,000 L; Total, 11,037,000 L.

With the market being slow and the cost of money high, cheese manufacturers were concerned with reducing inventories and/or preventing them from building up. These factors will, no doubt, continue in future to influence plant purchases of milk for cheese manufacture. Certainly, the closure of the two cheese plants was the main reason so much of the industrial volume was not handled in Manitoba plants.

Acceptance or rejection of milk by Manitoba plants is affected more by irregular supply than an increase or decrease in volume for the full year. For example, when comparing production in the September - February period to the other six months of the year, there is a difference of 15,644,000 litres between the two periods, or an average of 2,607,000 litres per month. June production was 22.5% greater than the previous November. Over T.A.P. production during the summer months returned extremely low prices to the pool, either from forced separation or excessive freight costs on milk to Quebec and Saskatoon. Again we are referring to the need to shift production from summer to winter, not simply increase winter production and leave the rest of the year at present levels. More than ever before the producer's income from the pool is influenced by the regularity of his shipments.

REVIEW OF MILK MARKETS Cont.

Fluid plants in total experienced a small increase (159,000 L) in Class I sales compared to the previous year. Fluid creams (Class II) indicated a minor decrease along with the volume used for cottage cheese and yogurt (Class IIA) but ice cream mix volume (Class IIB) increased enough to offset the decreases.

Ice cream consumption, to a degree, is responsive to weather conditions during the summer. Sales, both provincially and nationally, have shown a decrease in the calendar year so far. However, the volume of milk sold in Manitoba for ice cream mixes increased 3.0%, indicating a higher use of fluid milk rather than powder and butterfat from another source.

The following trends published by Market Information Service - Agriculture Canada, for the period August 1, 1981 - July 31, 1982, show some changes which can reflect on the volume of industrial milk needed to satisfy domestic requirements. They will have a bearing when decisions are made on whether Market Share Quota (M.S.Q.) is at the correct level.

	Butter	Cheddar Cheese	Specialty Cheese	Skim Milk Powder
Production Change (Million kg)	+16.1	-17.3	+5.9	+36.4
	+15.4%	-16.1%	+8.1%	+30.4%
Inventory Change (Million kg)	+13.6	- 6.5	+0.7	+17.3
	+62.7%	-14.7%	+6.3%	+39.8%
Disappearance Change (Million kg)	- 0.4	- 6.7	+4.1	+ 6.2
	- 0.33%	- 6.8%	+4.4%	+12.3%

While butter markets remain relatively the same, production is too high for that market with a resulting increase in inventory. Butter is the largest user of butterfat from industrial milk and farm separated cream production, so it has a big influence on the volume of production required in total.

Consumption of cheddar cheese is down so there is less market to support previous levels of production. Being a heavy exporter of cheese out of province, Manitoba is particularly sensitive to a reducing

market. As shown by the closure of two cheese plants, processors can not continue to manufacture when markets can not be found for the finished product.

Specialty cheese markets continue to increase in Canada with more and more varieties being manufactured. However Manitoba is showing a decrease (15.3%) in milk used for this purpose (Class IV).

Powder and butter manufacture in Manitoba increased substantially as more milk was directed to those plants from some cheese operations which were rejecting regularly assigned milk. Nationally, the build up of powder stocks is a continuing concern with world prices very low for the surplus to Canadian requirements. Over-quota levy at the present rate is not adequate to cover the difference between the powder support price and the world market. The elimination of the finished product manufactured from over-quota milk production is essential to keep surpluses to a minimum. In Canada as a whole, the production of milk for manufacturing purposes appears to have exceeded market requirements.

The Canadian Dairy Commission "target" on returns for industrial milk changed as follows:-

January 1, 1982	+ $1.55 per HL to $39.61
August 1, 1982	+ $1.41 per HL to $41.02

Their cost of production formula did not indicate a change on April 1, 1982 although changes in the support prices on powder and butter were implemented to provide an increased margin for processors. Changes in the prices charged to processors for Classes II - VI are reflections from changes in the "target" price.

BREAKDOWN OF SALES AND MANUFACTURE OF DAIRY PRODUCTS
WITHIN FLUID PLANTS DURING THE PERIOD
AUGUST 1980 TO JULY 1982

SALES	1980 - 1981		1981 - 1982	
Class I	Litres in 000's	%	Litres in 000's	%
- Homogenized & Special	37,843	36.77	36,420	35.32
- Partly Skimm	55,627	54.05	57,445	55.71
- Skim	5,270	5.12	5,300	5.14
- Buttermilk	912	0.88	906	0.87
- Chocolate (90%)	3,269	3.18	3,049	2.96
Total Class I	102,921	100.00	103,120	100.00
Class II				
- Cereal	2,265	53.05	2,279	50.51
- Whipping	627	14.69	681	15.10
- Salad/Sour	1,378	32.26	1,551	34.39
Total Class II	4,270	100.00	4,511	100.00

MANUFACTURE	1980 - 1981	1981 - 1982
Class IIA	Litres in 000's	Litres in 000's
- Cottage Cheese, including Dressing & Starter, Spread Cheese	9,232	9,105
- Yogurt	1,649	1,500
- Egg Nog	292	372
Class IIB		
- Ice Cream, Ice Milk, Milkshake & Sherbet Mixes	6,397	6,413

DAIRY PROMOTION

Dairy Promotion Fees assessed against producers were increased by 10 cents HL effective June 1, 1982 to the level of 35 cents HL. While the Board was aware that this level of assessment was insufficient to meet total promotional funding requirements for the current fiscal year, it was agreed that any shortfall accruing at fiscal year end would be covered by a transfer of funds from Board reserves.

Remittances to the Dairy Bureau of Canada for industrial milk promotion were also increased effective June 1, 1982 from 29.5 cents HL to the level of 45.3 cents HL.

For the calendar year 1982, the Board has committed $371,885.00 to the Dairy Bureau for the purpose of conducting fluid milk advertising programs in Manitoba.

Dairy Promotion - Home Economist, Marilyn Adam, participates in several promotions throughout the year planned in co-operation with other marketing boards and producer associations, co-ordinated by the Department of Agriculture. In 1982 these events included Brandon Winter Fair and Nutrition Week in March, Red River Exhibition in June, Manitoba Food Products Event, St. Vital Mall and the Westin Inn Manitoba Foods promotions in September.

Centrex, the Hotel, Restaurant and Suppliers Show in November, was planned with the Dairy Bureau of Canada, Food Service Division. Cheese "Cash-In" information, cheese sampling and displays were the main thrust of this exhibit.

Mrs. Adam appears every other Thursday on the CKND-TV Manitoba Morning Show at 8:45 A.M. Recipes promoting dairy products are prepared and the format provides for discussion of our products and many health issues related to nutrition. The potential viewing audience has increased substantially since September reaching 93% of the population. Our home economist has occasionally been a guest on CKY-TV. Two programs were developed especially for the October Cheese Festival. C.B.C. Radio featured a cheese recipe during this promotion which Mrs. Adam prepared on the Information Radio 4-6 Show.

This department was responsible for procuring guest speakers for the Dairy Convention's plenary session on Nutrition and School Milk

Programs. Accordingly, Dr. E. Speckman, Director of Nutrition Research, National Dairy Council, Chicago, discussed "New Research Gives Dairy Foods the Competitive Edge in the Market Place" with special emphasis on calcium in the diet. Dr. R. McCarthy, Researcher and Professor, Food Science Department, Pennsylvania State University, detailed his own research on "Milk - The Cholesterol Fighter". Discussing types of School Milk Programs were Lucille Riedle, Corporate Secretary, New Brunswick Milk Marketing Board and Dr. L. Latinecz, Community Education Officer, Winnipeg School Division No. 1.

A pilot project restaurant promotion was developed for Dauphin, Manitoba, utilizing all local media (radio, television and newspaper) during three weeks in the spring. Major prizes were awarded in the closing draw to the winning milk drinkers in the restaurants, while cash incentives were available to the top serving personnel in each restaurant. Posters, placemats and table tents advertised the "Great Milk Getaway" - the major prize being a trip for two to Las Vegas. Data on milk consumption indicated that the promotion did, in fact, increase sales. Some restaurants more than doubled their milk sales during the three week promotion.

An advertising agency has been chosen to obtain research on fluid milk usage and attitudes and subsequently develop the appropriate creative. Radio, newspaper and billboard advertising has been selected as extensions and supports to the on-going television commercials purchased through the Dairy Bureau.

Two university students were employed by the Board from June through August to make presentations to the food service industry. A special public relations package was developed for restaurant managers and senior staff. Fluid milk profitability charts, information about milk, table tents and inserts were included in this presentation package. Throughout the province, nearly 10,000 acrylic tents were distributed during the summer program. The Cheese "Cash-In" materials provided by the Dairy Bureau were presented to 107 restaurants and hotel managers. These presentations were followed by cheese and wine tastings during late June and August. A major cheese and wine reception for the food service industry appropriately closed the summer program.

DAIRY PROMOTION Cont.

Radio tapes are prepared monthly by Mrs. Adam with special co-operation from the Communications Branch, Department of Agriculture. Tapes are delivered to the ten private radio stations in the province. On occasion, this government department has provided the services of their photographer and artist for our promotion and nutrition departments.

There are continuous requests for advertising, posters, school materials, recipes and specific information regarding dairy products and nutrition which are administered by this department.

Sufficient information was procured early in 1982 on school statistics, school milk utilization and school milk programs in other provinces for the Board to consider a school milk program feasible in Manitoba.

The 1983 Calendar, developed by the Ontario Milk Marketing Board, was designed to present milk as a versatile ingredient that has a natural role in today's meal preparation. For the second consecutive year the Milk Calendar will be distributed to subscribers of the Winnipeg Free Press. Producers will receive their copy in a separate mailing from the Board.

NUTRITION PROGRAM ANNUAL REPORT

AUGUST 1, 1981 - JULY 31, 1982

BY PATTI RUTHERFORD

The Manitoba Milk Producers' Marketing Board became involved with nutrition education programs for teachers in 1975. This initial involvement was the "Big Ideas" program offered to all grade K-6 teachers in Manitoba through a 3-hour workshop. The "Big Ideas" program was very successful and teachers at other grade levels began requesting a nutrition program for their level. Thus in 1978 the "Winning At Losing" (now called "Energetics") program was adopted by the Board to meet the needs of teachers at the junior and senior high school level. In 1980 the Board implemented "Good Beginnings", a nutrition program for pre-school educators.

To receive one of our nutrition education programs, a teachers must participate in a workshop which is approximately 3 hours long. The purpose of the workshop is to provide the teachers with the basic information they need to teach nutrition and to familiarize them with the resources and teaching ideas included in the program. The teachers enjoy the workshops and are grateful to Manitoba dairy farmers for providing such excellent nutrition resources.

The nutrition education programs we provide do much more than just promote good nutrition; they also promote the consumption of milk and milk products. Milk and milk products are vital to good nutrition and one cannot teach nutrition without encouraging the consumption of these products. With the 3 nutrition programs the Board now provides, "Big Ideas", "Energetics" and "Good Beginnings", the "nutrition message" is being passed on to children from the ages 2-18. This is very important because it is in childhood that we form the eating and drinking habits that we carry with us into adulthood.

This past year 96 nutrition workshops were conducted for approximately 1,500 teachers. The nutrition information that these teachers receive at the workshop is useful to them as individuals and parents but more important, each year these 1,500 teachers have the potential to teach over 28,000 students with the promotion of good nutrition and the consumption of dairy products.

SUMMARY OF THE SCHOOLS INVOLVED IN
NUTRITION WORKSHOPS FOR THE PERIOD
AUGUST 1, 1981 - JULY 31, 1982

District 1 Schools	Manitoba Home Economics Teachers' Association The Pas, Hillridge School - Ebb & Flow 2 workshops 27 teachers 1090 students
District 2 Schools	Several small rural schools, Brandon University and Virden 12 workshops 245 teachers 7,000 students
District 3 Schools	Several day care centres and nursery schools in the Portage la Prairie area 4 workshops 48 teachers 2,150 students
District 4 Schools	Turtle Mountain School Division including Mariapolis, Boissevain and Killarney schools and pre-school workshop for nursery schools in the Carman area 4 workshops 46 teachers 2,221 students
District 5 Schools	Pre-school workshops for nursery schools in the Lundar, Stonewall and Gimli area 3 workshops 30 teachers 400 students
District 6 Schools	Laura Secord, School for the Deaf, Howden, Hastings, Prince Edward, John Pritchard, several teachers from St. James Assiniboia, St. Vital, St. Boniface School Divisions, University of Manitoba, St. Boniface College, several day care centres and nursery schools throughout the city 62 workshops 925 teachers 12,368 students
District 7 Schools	Winkler Elementary School, Maple Leaf School and nursery schools in the Morris area 4 workshops 61 teachers 1,550 students
District 8 Schools	No workshops were conducted in this district this year but several small schools from this district attended a special small schools workshop in Brandon
District 9 Schools	No workshops were conducted in this district this year but several small schools from this district attended a special small schools workshop in Brandon
Miscellaneous	Frontier School Division (Northern Manitoba) Norway House, Duck Bay, Berens River and Medical Services, Community Health Representatives - Northern Manitoba 5 workshops 83 teachers 834 students

MAY & EILER
CHARTERED ACCOUNTANTS
50 GLEN AVENUE
WINNIPEG, MANITOBA
R2M 1V5

W. C. MAY, C.A.
L. K. EILER, B.A., C.A.

AUDITORS' REPORT

To the Registered Producers of The Manitoba
Milk Producers' Marketing Board:

We have examined the statement of financial position of The Manitoba Milk Producers' Marketing Board as at July 31, 1982 and statement of milk pool income and distribution and statements of income and retained income of administrative funds, transportation pool, promotional program and northern allowance pool and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Board as at July 31, 1982 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May + Eiler

Chartered Accountants

Winnipeg, Manitoba
September 30, 1982

EXHIBIT A

THE MANITOBA MILK PRODUCERS' MARKETING BOARD

STATEMENT OF FINANCIAL POSITION

AS AT JULY 31, 1982

	1982	1981
CURRENT ASSETS:		
Cash	$4,098,415	$2,957,157
Accounts receivable	8,696,481	7,910,936
Prepaid expenses	37,339	34,562
Total current assets	12,832,235	10,902,655
CURRENT LIABILITIES:		
Accounts payable - producers	10,618,262	8,951,744
Accounts payable - other	156,549	101,267
Total current liabilities	10,774,811	9,053,011
WORKING CAPITAL	2,057,424	1,849,644
OFFICE EQUIPMENT AND IMPROVEMENTS - at cost	179,188	173,159
Less accumulated depreciation	141,496	123,185
Net office equipment and improvements	37,692	49,974
DEFERRED CHARGES - at cost less amortization	1,966	4,112
REGISTERED PRODUCERS' EQUITY AND CAPITAL EMPLOYED	$ 2,097,082	$ 1,903,730
Represented by:		
Retained income (Deficit)		
Milk Pool Administration (Exhibit C)	$ 2,084,002	$ 1,753,614
Board General (Exhibit C)	(62,381)	(81,999)
Market Sharing Plan (Exhibit C)	39,667	55,236
Transportation Pool (Exhibit D)	34,929	176,879
Promotional Program (Exhibit E)	-	-
Northern Allowance Pool (Exhibit F)	865	-
	$ 2,097,082	$ 1,903,730

Approved by the Members

Walter Kampton

Stewart D Hamilton

EXHIBIT B

THE MANITOBA MILK PRODUCERS' MARKETING BOARD

STATEMENT OF MILK POOL INCOME AND DISTRIBUTION

FOR THE YEAR ENDED JULY 31, 1982

	1982	1981
INCOME:		
Milk sold to processors	$97,740,606	$87,248,149
Total income	$97,740,606	$87,248,149
DISTRIBUTION:		
Payments to producers:		
Net payments to producers	$86,934,856	$77,370,307
Board controlled deductions:		
Pool Administration (Ex. C)	124,584	191,419
Board General (Ex. C)	347,796	279,793
Market Sharing Plan (Ex. C)	136,008	135,217
Promotional Program (Ex. E)	683,763	647,287
Transportation Pool (Ex. D)	4,499,935	3,797,115
Northern Allowance Pool (Ex. F)	22,401	-
	5,814,487	5,050,831
Deductions controlled by others:		
Canadian Dairy Commission	4,842,283	4,206,716
Manitoba Milk Producers Co-op Inc	57,614	84,583
	4,899,897	4,291,299
Quality penalty levy (Ex. C)	65,109	92,177
Total distribution to producers	97,714,349	86,804,614
Payments to other marketing boards:		
Ontario Milk Marketing Board	26,110	440,743
Board controlled deductions -		
Pool Administration (Ex. C)	39	1,684
Board General (Ex. C)	108	1,108
Total distribution to others	26,257	443,535
Total distribution	$97,740,606	$87,248,149

EXHIBIT C

THE MANITOBA MILK PRODUCERS' MARKETING BOARD

STATEMENT OF ADMINISTRATIVE FUNDS INCOME AND RETAINED INCOME

FOR THE YEAR ENDED JULY 31, 1982

	Milk Pool Administration	Board General	Market Sharing Plan	Total 1982	Total 1981
INCOME:					
Deductions -					
Milk producers (Ex. B).....	$ 124,584	$347,796	$136,008	$ 608,388	$ 606,429
Other boards (Ex. B).....	39	108	-	147	2,792
Cream producers	-	-	28,666	28,666	30,619
Quality penalties	65,109	-	-	65,109	92,177
Other income -					
Interest.....	788,722	-	-	788,722	595,775
Other.....	105	270	-	375	2,831
	978,559	348,174	164,674	1,491,407	1,330,623
EXPENSE:					
Data processing..	14,720	-	10,220	24,940	22,556
Depreciation.....	10,976	2,819	4,885	18,680	21,783
General operating (Note 2).....	44,183	24,650	13,581	82,414	74,754
Members' per diem and travel.....	-	135,865	19,919	155,784	143,714
Memberships.....	-	16,830	-	16,830	15,079
Office occupancy.	24,386	7,946	13,357	45,689	39,794
Professional fees	6,437	67,825	4,000	78,262	24,121
Grants.....	-	5,800	-	5,800	14,650
Salaries and benefits.....	212,053	66,821	114,281	393,155	354,499
	312,755	328,556	180,243	821,554	710,950
NET INCOME (LOSS) FOR THE YEAR.....	665,804	19,618	(15,569)	669,853	619,673
APPROPRIATION TO PROMOTIONAL PROGRAM	(335,416)	-	-	(335,416)	(266,804)
RETAINED INCOME (DEFICIT) AT BEGINNING OF THE YEAR	1,753,614	(81,999)	55,236	1,726,851	1,373,982
RETAINED INCOME (DEFICIT) AT END OF THE YEAR	$2,084,002	$(62,381)	$ 39,667	$2,061,288	$1,726,851

EXHIBIT D

THE MANITOBA MILK PRODUCERS' MARKETING BOARD

STATEMENT OF TRANSPORTATION POOL INCOME AND RETAINED INCOME

FOR THE YEAR ENDED JULY 31, 1982

	1982	1981
INCOME:		
Producer deductions (Ex. B)	$4,499,935	$3,797,115
Processor charges for diversions	114,514	6,699
Freight charges to northern plants	3,570	31,027
	4,618,019	3,834,841
EXPENSE:		
Transporter payments -		
Assigned plant deliveries	4,313,476	3,735,195
Diversions	308,831	158,886
Extra pick-up	9,984	15,600
Professional fees	7,408	8,250
Allowance for disputed diversion charges	113,050	-
Other	7,220	-
	4,759,969	3,917,931
(LOSS) FOR THE YEAR	(141,950)	(83,090)
RETAINED INCOME AT BEGINNING OF THE YEAR	176,879	259,969
RETAINED INCOME AT END OF THE YEAR	$ 34,929	$ 176,879

EXHIBIT E

STATEMENT OF PROMOTIONAL PROGRAM INCOME AND RETAINED INCOME

FOR THE YEAR ENDED JULY 31, 1982

	1982	1981
INCOME:		
Producer deductions (Ex. B)	$ 683,763	$647,287
EXPENSE:		
Dairy Bureau of Canada	856,631	775,565
Depreciation	2,255	2,678
Members' per diem and travel	7,040	3,751
Occupancy	6,165	5,374
Office supplies	2,283	3,050
Provincial dairy promotion	52,709	21,868
Salaries and benefits	63,317	50,459
Staff travel and meetings	5,504	4,248
Workshop materials	18,829	18,382
Other	4,445	3,550
	1,019,178	888,925
(LOSS) FOR THE YEAR	(335,415)	(241,638)
APPROPRIATION FROM MILK POOL ADMINISTRATION	335,415	266,804
(DEFICIT) AT BEGINNING OF THE YEAR	-	(25,166)
(DEFICIT) AT END OF THE YEAR	$ -	$ -

EXHIBIT F

THE MANITOBA MILK PRODUCERS' MARKETING BOARD

STATEMENT OF NORTHERN ALLOWANCE POOL INCOME AND RETAINED INCOME

FOR THE YEAR ENDED JULY 31, 1982

	1982	1981
INCOME:		
Producer deductions (Ex. B).....	$22,401	$ -
EXPENSE:		
Payments to northern producers.....	21,536	-
NET INCOME FOR THE YEAR.....	865	-
RETAINED INCOME AT BEGINNING OF THE YEAR.....	-	-
RETAINED INCOME AT END OF THE YEAR.....	$ 865	$ -

EXHIBIT G

THE MANITOBA MILK PRODUCERS' MARKETING BOARD

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED JULY 31, 1982

	1982	1981
SOURCE OF FUNDS:		
From operations -		
Milk Pool Administration	$ 665,804	$ 605,526
Board General	19,618	16,095
Market Sharing Plan	(15,569)	(1,948)
Transportation Pool	(141,950)	(83,090)
Promotional Program	(335,415)	(241,638)
Northern Allowance Pool	865	-
	193,353	294,945
Amortization of deferred charges	2,145	2,145
Depreciation	18,790	22,316
Total funds from operations and total source of funds	214,288	319,406
USE OF FUNDS:		
Purchase of equipment	6,508	16,302
Total use of funds	6,508	16,302
INCREASE IN WORKING CAPITAL FOR THE YEAR	207,780	303,104
WORKING CAPITAL AT BEGINNING OF THE YEAR	1,849,644	1,546,540
WORKING CAPITAL AT END OF THE YEAR	$2,057,424	$1,849,644

NOTES TO FINANCIAL STATEMENTS

JULY 31, 1982

1. Summary of Activities of the Board and Significant Accounting Policies:

The Manitoba Milk Producers' Marketing Board is responsible under the statutes of Manitoba for the purchase, transport and sale of all milk in the Province.

(a) Selling prices - The value of milk sold to processors is determined by its final product use. The Board sets the prices charged to processors except for milk used in the bottle trade which is set by the Manitoba Milk Prices Review Commission. The Board conducts a pool into which income from milk sold is credited. The operations of the milk pool are shown in Exhibit B.

(b) Cost of sales - Processor sales in the milk pool referred to above are paid to the individual producers based on the quality and quantity of milk shipped. The distribution of the milk pool is accounted for in Exhibit B.

(c) Operating expenses - The Board is authorized through provincial statute to deduct fees from milk pool payments to producers to cover its operating expenses. Such deductions are accounted for separately in Exhibits C, D, E and F.

Office equipment and improvements are generally valued at cost. Depreciation is provided for on the straight-line basis over an estimated life of 5 years for equipment and the lease term for improvements.

Deferred charges are carried at cost and represent equipment installed in producer facilities. The charges are being amortized over 5 years.

2. General Operating Expense:

	Milk Pool	Board General	Market Sharing Plan	Total
Advertising	$ -	$ 2,156	$ -	$ 2,156
Annual meeting	-	7,679	-	7,679
Bank charges	805	-	-	805
Office supplies	13,058	2,194	3,755	19,007
Postage	6,443	5,207	1,601	13,251
Staff travel	2,211	1,326	4,145	7,682
Sundry	15,049	2,850	416	18,315
Telephone	6,617	3,238	3,664	13,519
	$44,183	$24,650	$13,581	$82,414
1981 for comparison	$34,618	$25,452	$14,684	$74,754

3. Commitments:

Operating lease commitment has been made for office space at a base rental of $47,740 per annum until March 31, 1987. Increases in property taxes, maintenance and electrical costs over 1980 base year rate will be added to this rental ($1487 in 1982).

4. Pension Plan:

Employees of the Board participate in the Manitoba Civil Service Superannuation Board pension plan on a contributory basis. The Board deposits contributions matching those of employees with the pension plan. The financial statements of the pension plan indicate that it had no unfunded pension liability at July 31, 1982 based on the most recent actuarial report.

5. Elected Members Per Diem and Travel Expenses:

Members are paid a per diem of $110 and the Chairman $153 for time spent at meetings or on business matters of the Board.

	1982	1981
Per diems paid.....	$103,681	$ 95,660
Travel and other expenses.....	59,143	48,054
	$162,824	$143,714